

I PRICES

TasWater's proposed prices for the fourth regulatory period are set out in Appendix 16 of its proposed PSP. TasWater proposes increasing prices for all services by 3.5 per cent per annum over the fourth regulatory period.

In a Memorandum of Understanding signed by TasWater, the Tasmanian Government and the TasWater's Owners' Representatives Group in May 2018, TasWater committed to limit any annual price increases to 3.5 per cent to 2024-25. TasWater's proposal reflects this commitment, as well as including a 3.5 per cent price increase for 2025-26.

Based on the decisions set out in this Report, the Regulator has estimated TasWater's NAR for each year of the fourth regulatory period and has determined the maximum prices that will apply for the fourth regulatory period.

These maximum prices equate to price increases of 3.71 per cent, which are higher than the 3.5 per cent price increases proposed by TasWater. The Regulator therefore expects that TasWater will include in, in its final PSP for the Regulator's approval, uniform price increases of 3.5 per cent for all regulated water and sewerage services.

1.1 Regulator's decisions

The Regulator has made the following decisions:

1. Approve the maximum prices, fees and charges that are to apply for regulated services and miscellaneous services for the fourth regulatory period as set out in Schedule 1 of the Regulator's Price Determination and as reproduced in Tables 1.1 to 1.19 inclusive and Table 1.21.³
2. Approve a standard infrastructure contribution charge (developer charge) of \$3 514 per ET, as set out in Table 1.22.

1.2 Differences between the Regulator's decisions in the Draft and Final Report

The decisions of the Regulator that have changed between the publication of the Draft Report and this Final Report are set out below.

1.2.1 Changes to draft decisions in the Regulator's Draft Report

The Regulator has modified the draft decisions set out in the Draft Report as follows:

Approval of standard infrastructure contribution charge (developer charge)

The Regulator has approved a standard infrastructure contribution charge of \$3 514 per ET (Draft Decision 3). More information about this decision is set out in section 1.6.2.

³ Where relevant, the 2021-22 charges are included for comparison purposes in each of the following tables.

The level of prices for regulated water and sewerage services

All maximum prices are higher in this report than in the Draft Report due principally to higher estimates of the cost of debt and higher actual inflation rates and inflation rate forecasts.

1.2.2 New decisions not in the Regulator's Draft Report

The Regulator has not approved TasWater's proposed fees for standard water and sewerage connections. Further details on this decision are set out in sections 1.6.1.2, 8.12.1.2 and 8.12.1.3 of this Report.

1.3 Water prices

The Regulator's maximum fixed water and variable water charges for the fourth regulatory period are presented below.

Table 1.1 Maximum fixed water charge per connection for full service customers (\$)*

Water Connection Size	2021-22	2022-23	2023-24	2024-25	2025-26
20mm	354.96	368.13	381.78	395.94	410.63

*The fixed water charge for each connection size is calculated by multiplying the fixed water charge for a 20mm water connection by the relevant multiplier as presented in Table 8.1 in Chapter 8.

Table 1.2 Maximum fixed water charge per connection for limited supply customers (\$)*

2021-22	2022-23	2023-24	2024-25	2025-26
319.47	331.32	343.60	356.35	369.56

Table 1.3 Maximum variable water charge per kilolitre of water (\$)

	2021-22	2022-23	2023-24	2024-25	2025-26
Full service (ie water of drinking water quality)	1.10	1.14	1.18	1.23	1.27
Limited water quality (\$/kL) ^{Note 1}	0.88	0.91	0.95	0.98	1.02

Note 1: This charge is set at 80 per cent of the drinking water quality variable charge.

Table 1.4 Maximum water service charge for unconnected properties within serviced land (\$)

2021-22	2022-23	2023-24	2024-25	2025-26
354.96	368.13	381.78	395.94	410.63

Table 1.5 Maximum charge for private filling stations (\$)

	2021-22	2022-23	2023-24	2024-25	2025-26
Annual fixed charge	354.96	368.13	381.78	395.94	410.63
Variable charge (\$/kL)	1.10	1.14	1.18	1.23	1.27

Table 1.6 Maximum charge for public filling stations (\$)

	2021-22	2022-23	2023-24	2024-25	2025-26
Variable charge (\$/kL)	1.69	1.76	1.83	1.90	1.97
Security deposit (one-off fee)	51.75	53.67	55.66	57.72	59.87
Account keeping fee	6.36	6.60	6.84	7.09	7.36

Table 1.7 Maximum charge for portable metered standpipes (\$)

	2021-22	2022-23	2023-24	2024-25	2025-26
Annual fixed charge	354.96	368.13	381.78	395.94	410.63
Variable charge (\$/kL)	1.10	1.14	1.18	1.23	1.27

Table 1.8 Maximum fire service - annual fixed charge (\$)

	2021-22	2022-23	2023-24	2024-25	2025-26
	88.74	92.03	95.45	98.99	102.66

1.4 Sewerage prices

The Regulator's maximum fixed sewerage charge, motor home dump points fixed sewerage charge, STED scheme sewerage charge and sewerage service charge for the fourth regulatory period are presented below.

Table 1.9 Maximum fixed sewerage charge for full service customers per ET (\$)*

	2021-22	2022-23	2023-24	2024-25	2025-26
	681.20	706.46	732.66	759.84	788.02

*The target fixed sewerage charge for each connection is calculated by multiplying the target fixed sewerage for one ET by the applicable number of ETs. Multipliers and ETs are discussed in Chapter 8.

Table 1.10 Maximum fixed sewerage charge for motor home dump points - per ET (\$)*

	2021-22	2022-23	2023-24	2024-25	2025-26
	681.20	706.46	732.66	759.84	788.02

Table 1.11 Maximum STED scheme sewerage charge (\$)

	2021-22	2022-23	2023-24	2024-25	2025-26
	476.84	493.53	510.80	528.68	547.18

Table 1.12 Maximum sewerage service charge for unconnected properties within serviced land (\$)

	2021-22	2022-23	2023-24	2024-25	2025-26
	408.72	423.88	439.60	455.90	472.81

I.6 Trade waste prices

The Regulator's maximum trade waste fees and charges for the fourth regulatory period are presented in Tables 1.13 to 1.19 inclusive below.

Table 1.13 Maximum trade waste application fee (\$)

	2021-22	2022-23	2023-24	2024-25	2025-26
Application fee	152.56	158.22	164.09	170.17	176.48

Table 1.14 Maximum trade waste annual charges (\$)

	2021-22	2022-23	2023-24	2024-25	2025-26
Category 0 (proposed)	No trade waste charges, customers pay sewerage charges only				
Category 1	589.41	611.27	633.94	657.46	681.84
Category 2A	966.19	1 002.03	1 039.19	1 077.73	1 117.71
Category 2B	1 355.81	1 406.09	1 458.24	1 512.33	1 568.42
Category 2C	2 033.40	2 108.82	2 187.03	2 268.15	2 352.27

Table 1.15 Maximum trade waste minor non-compliance fees (\$)

	2021-22	2022-23	2023-24	2024-25	2025-26
Category 0 (proposed)	No trade waste charges, customers pay sewerage charges only				
Category 1	589.41	611.27	633.94	657.46	681.84
Category 2A	966.19	1 002.03	1 039.19	1 077.73	1 117.71
Category 2B	1 355.81	1 406.09	1 458.24	1 512.33	1 568.42
Category 2C	2 033.40	2 108.82	2 187.03	2 268.15	2 352.27

Table 1.16 Maximum trade waste major non-compliance fees (\$)

	2021-22	2022-23	2023-24	2024-25	2025-26
Category 2A	1 932.39	2 004.06	2 078.41	2 155.52	2 235.49
Category 2B	2 711.62	2 812.18	2 916.51	3 024.71	3 136.93
Category 2C	4 066.80	4 217.64	4 374.11	4 536.39	4 704.69

Table 1.17 Maximum 2022-23 trade waste fees and charges by customer category (\$)

Trade Waste Category	Application Fee	Annual Fee	Non-Compliance Charge (Minor)	Non-Compliance Charge (Major)
0	na	na	na	na
1	158.22	611.27	611.27	na
2A	158.22	1 002.03	1 002.03	2 004.06
2B	158.22	1 406.09	1 406.09	2 812.18
2C	158.22	2 108.82	2 108.82	4 217.64

Table 1.18 Maximum trade waste site constraint fee (\$)

	2021-22	2022-23	2023-24	2024-25	2025-26
High and medium volume (500 to 1 500 kL per annum)	na	2 139.31	2 218.65	2 300.94	2 386.28
Low volume (up to 499 kL per annum)	na	1 275.57	1 322.88	1 371.94	1 422.83

Table 1.19 Maximum trade waste macerator charge (\$)

	2021-22	2022-23	2023-24	2024-25	2025-26
Macerator charge	55.44	57.49	59.62	61.84	64.13

1.7 Other Prices

TasWater also receives revenue from fees and charges it imposes in relation to a range of miscellaneous services it provides. These fees and charges require the Regulator's approval.

1.7.1 Miscellaneous fees and charges

All fees and charges that may be charged by TasWater which are not fixed charges, variable charges, developer charges or service introduction charges are referred to as miscellaneous fees and charges (Pricing Regulation 20). As with other regulated charges, miscellaneous fees and charges must be determined according to the pricing principles in the Industry Act and the Pricing Regulations and be included in TasWater's proposed PSP.

TasWater's fees and charges for each of its proposed miscellaneous services for each year of the fourth regulatory period are set out in Table 9.20 of its proposed PSP and are reproduced below in Table 1.20.

Table 1.20 TasWater's proposed miscellaneous fees and charges (\$) (GST exempt unless specified)

Miscellaneous fees and charges	2021-22 (\$)	2022-23 (\$)	2023-24 (\$)	2024-25 (\$)	2025-26 (\$)
Water connections					
Standard 20mm connection	2 259.30	3 657.00	3 785.00	3 917.47	4 054.58
Non-standard water connection	POA	POA	POA	POA	POA
Sewerage connections					
Standard 100mm sewerage connection	1 625.63	4 010.00	4 150.35	4 295.61	4 445.96
Non-standard sewerage connection	POA	POA	POA	POA	POA

Miscellaneous fees and charges	2021-22 (\$)	2022-23 (\$)	2023-24 (\$)	2024-25 (\$)	2025-26 (\$)
Water metering fees					
Special meter reads	62.74	64.94	67.21	69.56	72.00
Meter testing - onsite	82.27	85.15	88.13	91.22	94.41
Meter testing - offsite	POA	POA	POA	POA	POA
Meter downsizing (40mm to 20mm)	379.37	392.65	406.39	420.61	435.33
Meter downsizing (all others)	POA	POA	POA	POA	POA
Sundry Fees					
Right to information request	41.61	41.62	42.35	43.20	44.17
Pressure and flow testing - new connection, single point. For multiple test points the additional time (field and administration) will be charged at 'Field inspection and supervision fee' rate (per hour)	108.66	112.47	116.40	120.48	124.70
Pressure and flow testing - existing connection where a no-charge test has been previously provided	na	172.47	177.42	182.68	188.27
Land Information Certificate (Section 56ZQ request)	46.74	46.75	47.57	48.52	49.61
Field inspection and supervision fee (per hour)	61.14	63.28	65.49	67.78	70.16
Consent to register a legal document	na	230.21	237.34	244.94	253.02
Restriction charge	108.84	112.65	116.59	120.67	124.90
Account establishment	25.88	26.78	27.72	28.69	29.69
Account administration bounced payments (per transaction)	na	6.58	6.81	7.05	7.29
Development Application					
Minor	219.04	226.70	234.64	242.85	242.85
Medium	363.94	376.67	389.86	403.50	403.50
Major	699.36	723.84	749.17	775.39	775.39
Significant	1 179.68	1 220.97	1 263.71	1 307.94	1 307.94
CCW (including building and plumbing applications)					
Minor	310.86	321.74	333.00	344.66	344.66
Medium	403.16	417.27	431.88	446.99	446.99
Major	454.12	470.01	486.46	503.49	503.49
Significant	573.09	593.15	613.91	635.39	635.39
CCW exemption	41.07	42.51	43.99	45.53	45.53

Miscellaneous fees and charges	2021-22 (\$)	2022-23 (\$)	2023-24 (\$)	2024-25 (\$)	2025-26 (\$)
Engineering design approval					
Minor	307.98	305.81	311.16	317.38	324.52
Medium	679.02	674.22	686.02	699.74	715.49
Major	1 468.78	1 458.40	1 483.92	1 513.60	1 547.66
Significant	2 095.86	2 081.06	2 117.48	2 159.82	2 208.42
Legacy certificate of compliance for applications made before 1 July 2018 application					
Minor	na	111.81	115.16	118.62	122.47
Medium	na	279.52	287.91	296.54	306.18
Major	na	559.04	575.81	593.08	612.36
Development miscellaneous fees					
Request for approval to build near infrastructure (Section 56W consent fee)	47.69	49.36	51.09	52.88	54.73
Additional planning assessment fee (per hour)	na	70.20	72.38	74.70	77.16
Other regulated services					
Private filling stations (fixed charge per annum for 20mm, scaled by size)	354.96	367.39	380.25	393.55	407.33
Private filling stations (\$/kL)	1.10	1.14	1.18	1.22	1.26
Public filling stations (\$/kL)	1.64	1.75	1.82	1.88	1.94
Account key security deposit (one off fee for public filling stations)	50	53.56	55.44	57.38	59.38
Account keeping fee (per account)	na	6.64	6.82	6.82	6.82
Portable metered standpipes (fixed charge per annum for 20mm, scaled by size)	354.96	367.39	380.25	393.55	407.33
Portable metered standpipes (\$/kL)	1.06	1.14	1.18	1.22	1.26

Source: TasWater's proposed PSP, Table 9.20.

1.7.1.1 Submissions received on Draft Report

TasWater's submission provided additional information to support its view that the proposed fees and charges for miscellaneous services reflected the costs of providing those services.

TasWater also identified that the following miscellaneous services had been omitted from the schedule of services included in its proposed PSP:

- (a) Non-standard sewerage connection POA
- (b) Engineering design approval - complex POA

TasWater also noted that it had overlooked increasing prices by 3.50 per cent for 2025-26 for Development Applications (Minor, Medium, Major and Significant) and CCW (Minor, Medium, Major, Significant and CCW exemption).

TasWater also provided a copy of its updated Miscellaneous Fees and Charges Model.

1.7.1.2 Regulator's response and decision

As explained further in sections 8.12.1.2 and 8.12.1.3, the Regulator has not approved TasWater's proposed inclusion of standard connections in its schedule of miscellaneous services.

The Regulator has reviewed TasWater's Miscellaneous Fees and Charges Model and is satisfied that, with the exception of the fees for standard connections (as discussed above), the proposed fees and charges reflect the underlying costs of providing each of the proposed miscellaneous services.

The Regulator has also approved the addition two services to the schedule of services - 'Non-standard sewerage connection' and the 'Engineering design approval - complex' - that had been omitted from TasWater's proposed schedule of miscellaneous services.

Table 1.21 Regulator's approved miscellaneous fees and charges for TasWater (\$) (GST exempt unless specified)

Miscellaneous fees and charges	2021-22 (\$)	2022-23 (\$)	2023-24 (\$)	2024-25 (\$)	2025-26 (\$)
Water connections					
Standard 20mm connection	2,259.30	No maximum price determined: TasWater-approved contractor carries out the work at a quoted price			
Non-standard water connection					
Sewerage connections					
Standard 100mm sewerage connection	1,625.63	No maximum price determined: TasWater-approved contractor carries out the work at a quoted price			
Non-standard sewerage connection					
Water metering fees					
Special meter reads	62.74	65.07	67.48	69.98	72.58
Meter testing - onsite	82.27	85.32	88.49	91.77	95.17
Meter testing - offsite	POA	POA	POA	POA	POA
Meter downsizing (40mm to 20mm)	379.37	393.44	408.03	423.16	438.86
Meter downsizing (all others)	POA	POA	POA	POA	POA
Sundry Fees					
Right to information request			25 fee units		
Pressure and flow testing - new connection, single point. For multiple test points the additional time (field and administration) will be charged at 'Field inspection and supervision fee' rate (per hour)	108.66	112.69	116.87	121.21	125.70
Pressure and flow testing - existing connection where a no-charge test has been previously provided	na	172.47	177.42	182.68	188.27
Land Information Certificate (Section 56ZQ request)			25 fee units		
Field inspection and supervision fee (per hour)	61.14	63.40	65.76	68.20	70.72
Consent to register a legal document	154.42	239.90	248.81	258.04	267.61
Restriction charge	108.84	112.88	117.06	121.41	125.91
Account establishment	25.88	26.83	27.83	28.86	29.93

Miscellaneous fees and charges	2021-22 (\$)	2022-23 (\$)	2023-24 (\$)	2024-25 (\$)	2025-26 (\$)
Account administration bounced payments (per transaction)	na	7.61	7.89	8.18	8.49
Development Application					
Minor	219.04	227.16	235.59	244.32	253.39
Medium	363.94	377.44	391.43	405.95	421.01
Major	699.36	725.30	752.20	780.10	809.03
Significant	1 179.68	1 223.44	1 268.81	1 315.87	1 364.67
Complex	POA	POA	POA	POA	POA
CCW (including building and plumbing applications)					
Minor	310.86	322.39	334.35	346.75	359.61
Medium	403.16	418.12	433.62	449.71	466.39
Major	454.12	470.96	488.43	506.54	525.33
Significant	573.09	594.35	616.39	639.25	662.96
CCW exemption	41.07	42.59	44.17	45.81	47.51
Engineering design approval					
Minor	307.98	319.41	331.25	343.54	356.28
Medium	679.02	704.21	730.32	757.41	785.50
Major	1 468.78	1 523.25	1 579.75	1 638.34	1 699.11
Significant	2 095.86	2 173.60	2 254.21	2 337.82	2 424.53
Complex	POA	POA	POA	POA	POA
Legacy certificate of compliance for applications made before 1 July 2018 application					
Minor	na	111.81	115.16	118.62	122.47
Medium	na	279.52	287.91	296.54	306.18
Major	na	559.04	575.81	593.08	612.36
Development miscellaneous fees					
Request for approval to build near infrastructure (Section 56W consent fee)	47.69	49.46	51.29	53.20	55.17
Additional planning assessment fee (per hour)	na	70.20	72.80	75.51	78.31
Other regulated services					
Private filling stations (fixed charge per annum for 20mm, scaled by size)	354.96	368.13	381.78	395.94	410.63
Private filling stations (\$/kL)	1.10	1.14	1.18	1.23	1.27
Public filling stations (\$/kL)	1.69	1.76	1.83	1.90	1.97
Account key security deposit (one off fee for public filling stations)	51.75	53.67	55.66	57.73	59.87
Account keeping fee (per account)	6.36	6.60	6.84	7.09	7.36
Portable metered standpipes (fixed charge per annum for 20mm, scaled by size)	354.96	368.13	381.78	395.94	410.63
Portable metered standpipes (\$/kL)	1.10	1.14	1.18	1.23	1.27

1.7.2 Developer charges

Applying the rate of return on new assets ($WACC_{NEW}$) used in this Report⁴, the Regulator has approved a shared infrastructure contribution charge (developer charge) of \$3 514 per ET.

Table 1.22 Regulator's shared infrastructure contribution charge per ET (\$) ^{Note 1}

2021-22	2022-23	2023-24	2024-25	2025-26
...	...	3 514.00	3 514.00	3 514.00

Note 1: Charge does not commence until 2023-24 and is unchanged for 2024-25 and 2025-26.

1.8 Impact of prices on customers' annual bills

As required under Section 15 of the Industry Act, the Regulator assessed the impact on customers arising from the maximum prices for regulated water and sewerage services in the Draft Report, which result in uniform annual price increases of 3.07 per cent. The Regulator was satisfied that the prices in the Draft Report would not have unacceptable impacts on customers.

1.8.1 Submissions received on Draft Report

In its submission, the Tasmanian Labor Party (TLP) raised concerns about cost of living pressures and stated that the Regulator's proposed annual increases 2025-26 would lead to unacceptable increases to basic household costs.⁵

1.8.2 Regulator's response

Applying the Regulator's maximum prices as set out in this Report, a residential customer using 179kL of water per annum would face an annual bill in 2022-23 that is around \$46 higher than the amount paid in 2021-22.⁶ The impact on residential customers' bills, for different consumption levels, is set out in Table 1.23. The Regulator is satisfied that these price increases, while marginally higher than those in the Draft Report, would not have unacceptable impacts on customers.

TasWater's proposed price increases of 3.50 per cent per annum, which the Regulator expects TasWater to include its proposed prices in the final Price and Service Plan, result in annual bills increasing by less, at around \$43 in 2022-23 for a residential customer using 179kL of water per annum.

⁴ In TasWater's state-wide Incremental Cost Model, the rate of return on new assets is used to discount the growth capex to arrive at a NPV for that expenditure which is then used to calculate the shared infrastructure contribution charge.

⁵ Tasmanian Labor Party, Submission on Regulator's Draft Report (2022).

⁶ Average water use as set out in TasWater's 2020-21 Annual Performance Report to the Regulator, September 2021.

Table 1.23 Bill analysis (\$ per year)⁷

Annual water usage	Current prices	Regulator's maximum prices - fourth regulatory period			
	2021-22	2022-23	2023-24	2024-25	2025-26
50kL					
Water Fixed	354.96	368.13	381.78	395.94	410.63
Water Variable	54.96	57.00	59.11	61.30	63.58
Sewerage	681.20	706.46	732.66	759.84	788.02
Total Bill	1 091.12	1 131.59	1 173.56	1 217.08	1 262.22
100kL					
Water Fixed	354.96	368.13	381.78	395.94	410.63
Water Variable	109.92	113.99	118.22	122.61	127.15
Sewerage	681.20	706.46	732.66	759.84	788.02
Total Bill	1 146.08	1 188.59	1 232.67	1 278.38	1 325.80
150kL					
Water Fixed	354.96	368.13	381.78	395.94	410.63
Water Variable	164.88	170.99	177.33	183.91	190.73
Sewerage	681.20	706.46	732.66	759.84	788.02
Total Bill	1 201.03	1 245.58	1 291.78	1 339.69	1 389.38
179kL					
Water Fixed	354.96	368.13	381.78	395.94	410.63
Water Variable	196.90	204.06	211.22	220.17	227.33
Sewerage	681.20	706.46	732.66	759.84	788.02
Total Bill	1 233.06	1 278.65	1 325.66	1 375.95	1 425.97
200 kL					
Water Fixed	354.96	368.13	381.78	395.94	410.63
Water Variable	219.83	227.99	236.44	245.21	254.31
Sewerage	681.20	706.46	732.66	759.84	788.02
Total Bill	1 255.99	1 302.58	1 350.89	1 400.99	1 452.95
400 kL					
Water Fixed	354.96	368.13	381.78	395.94	410.63
Water Variable	439.67	455.97	472.89	490.43	508.61
Sewerage	681.20	706.46	732.66	759.84	788.02
Total Bill	1 475.83	1 530.56	1 587.33	1 646.20	1 707.26

⁷ Annual bills for 2021-22 are included for comparison purposes in this table.